

**PATENT**

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**

Re: Application of: NAGAN, D and DUNHAM, E. JR.

Serial No. 10/035,890

Examiner: Lalita M. Hamilton

Filing date: December 31, 2001 Group Art Unit: 3624

For: PROGRAMMED ASSESSMENT OF TECHNOLOGICAL  
LEGAL AND MANAGEMENT RISKS

Commissioner of Patents  
P.O.Box 1450  
Alexandria, VA 22313-1450

Sir,

**Introductory Statement**

Applicants submit this request in response to the official action dated January 10, 2008. This request contains:

Arguments pointing out the inappropriate application of the obviousness rationale applied as well as the differences between Spielman, Stoltz and Nagan which make the application and comparisons inappropriate. The comments are in **blue** and are inserted in the response following the examiners comments.

Reconsideration and allowance are requested

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On April 9, 2007, an Office Action was sent to the Applicant rejecting claims 1-10. On June 21, 2007 the Applicant responded by amending claims 1 and 5-7.

*Claim Rejections 35 USC § 103*

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

The factual inquiries set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.
2. Ascertaining the differences between the prior art and the claims at issue.
3. Resolving the level of ordinary skill in the pertinent art.
4. Considering objective evidence present in the application indicating obviousness or nonobviousness.

Claims 1-10 are rejected under 35 U.S.C. 103(a) as being unpatentable over Stolz (2003/0125997) in view of Spielmann (7,113,914).

Stolz discloses the invention substantially as claimed, as set forth in the previous Office Action. Stolz is silent with regard to categories of potential losses including legal and technological exposures in business practice, operational procedures, historical experience, compliance with regulations, and external threats including infrastructure failures and third party actions. Spielmann teaches a method for managing risks comprising categories of potential losses including legal and technological exposures in business practice, operational procedures, historical experience, compliance with regulations, and external threats including infrastructure failures and third party actions (col.3, line 10 to col.6, line 20--lists all risks). It would have been obvious to one having ordinary skill in the art at the time the invention was made to incorporate the teachings of Spielmann within Stolz for the motivation of identifying and addressing all areas of risk.

*Although the Examiner has pointed out particular references contained in the prior art(s) of record in the body of this action, the specified citations are merely representative of the teachings in the art as applied to the specific limitations within the individual claim: Since other passages and figures may apply to the claimed invention as well, it is respectfully requested that the applicant, in preparing the response, to consider fully the entire references as potentially*

*teaching all of the claimed invention, as well as the context of the passage as taught by the prior arts or disclosed by the Examiner.*

Regarding this request we would like to summarize our arguments in light of the factual inquiries set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.

It appears the difficulty is in determining what specifically is the prior art. There are to our view three different arts involved:

1. Stoltz: Measuring and assessing risk associated with regulatory and statutory compliance issues
2. Spielman: Managing risks inherent in business activities and more particularly to a data processing apparatus and method for identifying, managing and quantifying risks and associated control procedures
3. Nagan: A method for assessing risks of potential losses in risk areas but an evaluation of the circumstances.

The art in both Stoltz and Spielman is the assessment of risk by comparing to a standard, In Stoltz the standard is the regulations and in Spielman it is the control procedures. In Nagan the art is in determining risk by assessing the circumstances within and without the business and determining a probability of loss.

There is a difference between these arts. They are not the same. A summary of the differences follows:

1. The art of assessing risk associated with regulatory and statutory compliance relies on analysis of existing written regulations and comparing practices to the regulations. This requires skills in reading and interpreting existing regulations and assessing the potential risk of non-compliance, which risk is determined by prior case law on regulation enforcement and litigation. An example or an ordinary person skilled in these arts would be an attorney.
2. The art of assessing risk in data processing apparatus and methods for identifying, managing and quantifying risks and associated control procedures, as detailed in Spielman, revolves around compliance with the control procedures. The assumption is that if the control procedures are followed then the risk is minimal if not zero. This means the skills required are in the creation of appropriate control procedures and then determining if they are being followed. An example of an ordinary person skilled in these arts would be an auditor.

3. The art of assessing potential losses in risk areas requires skills in the area of defining what are the characteristics of risks that might lead to potential losses. The skill is in determining what those characteristics might be and assigning probability and magnitude of potential losses and then structuring questions that determining if these characteristics are present. An example or an ordinary person skilled in these arts would be an underwriter.

These arts are entirely separate and different and persons of ordinary skills in each particular art do not use the same approaches, knowledge base, or methodologies when addressing risk in their terms.

There is a real danger in abstracting approaches if not grounded in the art under discussion. Abstract enough and it can be shown that As Turing wrote in *Undecidable*, p. 128:

"It is possible to invent a *single machine* which can be used to compute *any* computable sequence. If this machine **U** is supplied with the tape on the beginning of which is written the string of quintuples separated by semicolons of some computing machine **M**, then **U** will compute the same sequence as **M**."

Using this logic it could be claimed that any automated approach is the same since they can be abstracted to the Universal Turing Machine. For this reason I think the scope and content of the art under discussion needs to be the art as described in the patents and/or application and not the art of information technology. Which leads to the conclusion that Stoltz, Spielman, and Nagan all address different arts each would not be obvious to a person having ordinary skill in the art to which said subject matter pertains.

2. Ascertaining the differences between the prior art and the claims at issue.

There is a fundamental difference between these arts. A summary of the differences follows:

1. As stated previously the art of assessing risk associated with regulatory and statutory compliance relies on analysis of existing written regulations and comparing practices to the regulations. This requires skills in reading and interpreting existing regulations and assessing the potential risk of non-compliance, which risk is determined by prior case law on regulation enforcement and litigation. A person of ordinary skill in this art would have knowledge of regulations, enforcement, case law, and potential fines and other actions. Their skill is in reviewing and interpreting existing regulations and would focus on existing rules and regulations. A person of ordinary skill in this art would not have the skills necessary to create new regulations.

2. As stated previously the art of assessing risk in data processing apparatus and methods for identifying, managing and quantifying risks and associated control procedures, as detailed in Spielman, revolves around compliance with the control procedures. The assumption is that if the control procedures are followed then the risk is minimal if not zero. This means the skills required are in the creation of appropriate control procedures and then determining if they are being followed. A person of ordinary skill in this art would have knowledge of business process controls, standards and regulations affecting business controls and reporting. A person of ordinary skill in this art would not have the skills necessary to assess the risk of loss by evaluating the circumstances within and without the business as these cannot be defined by control procedures.
3. The art of assessing potential losses in business requires skills in the area of defining what are the characteristics of risks that might lead to potential losses. The skill is in determining what those characteristics might be and assigning probability and magnitude of potential losses and then structuring questions that determining if these characteristics are present. A person of ordinary skill in this art needs to understand the potential of loss by evaluating the circumstances within and without the business.

These arts are entirely separate and different and persons of ordinary skills in each particular art do not use the same approaches, knowledge base, or methodologies when addressing risk in their terms.

3. Resolving the level of ordinary skill in the pertinent art.

Since we believe the arts are different the level of skill in each is irrelevant to this situation.

4. Considering objective evidence present in the application indicating obviousness or nonobviousness.

It would be obvious to an ordinary person skilled in the art described in Spielman and Stoltz to apply their approach in situations where existing regulations and or procedures were in place. It would not be obvious to an ordinary person skilled in those arts to apply the findings to undocumented or unstructured situations. We submit that because of the differences in the arts as described in the applications the objective evidence lead to the conclusion that the art as described in Nagan would not be obvious to an ordinary person skilled in the arts described in Spielman and Stoltz.

### ***Response to Arguments***

Applicant's arguments with respect to claims 1-10 have been considered but are, moot in view of the new ground(s) of rejection.

We request reinstatement of our claims and request a patent be issued in that the subject matters as a whole would not be obvious to a person of ordinary skill in the art to which the subject matters pertain. In Spielman what is claimed is a method and system for managing risks inherent in business activities and more particularly to a data processing apparatus and method for identifying, managing and quantifying risks and associated control procedures. In Stoltz what is claimed is a method for use in compliance management using a standard severity risk index. These subject matters are entirely different from the subject matter of assessing risk wherein the risk areas encompass categories of potential losses.

We delineate the basis for our request for reinstatement in our responses in blue.

Our responses can be summarized as follows:

1. Stoltz use of the term 'risk assessment' is not the same as our use the term in our application. As detailed below, Stoltz uses the term in connection with measuring and assessing risk associated with regulatory and statutory compliance issues and not to determine the possibility of loss. Making the connection from an approach that assesses a degree of compliance to one of assessing a real potential for loss would not be obvious to a person of ordinary skill in the art. In Stoltz, the art of assessing risk associated with regulatory and statutory compliance issues is distinctly different from the art of analyzing the potential for real loss from legal, technological or business causes.  
Spielman's objective is to quantify risk and the effectiveness of control procedures designed to address such risks and more particularly to data processing apparatus and method for identifying, managing and quantifying risks and associated control procedures. The art is in the creation of control procedures and then quantifying their impact this is different from the art of analyzing the potential for real loss from legal, technological or business causes
2. Stoltz uses the term 'severity risk index' to mean the expected risk associated with non compliance. In other words 'risk' in Stoltz is as estimate of the potential impact of non compliance, it is not a measure of loss. The focus is on compliance not on determining risk by examining the underlying causes and parameters of a situation. If Stoltz determined the risk of non compliance by assessing the underlying parameters of a given operation (processes, procedures, technologies, business practices and the like), then it would be obvious to a person having ordinary skill in the art that his assessment of risk would be similar to ours. That, however, is not the case. Stoltz' art is compliance management which is a different art than assessing the risk of loss.  
Spielman on the other hand evaluates risk through a three tiered approach the basis of which are the control procedures and risk is defined as compliance with these procedures. Thus high risk equates to non

compliance with the control procedures. Nowhere is risk of loss mentioned nor can the approach be used to assess the risk in situations wherein control procedures do not apply such as the risk of loss if a building is sited in a flood plain. The art in Spielman relates to the particular art cited which is in data processing apparatus and associated control procedures which is a different art than the risk of loss.

3. Stoltz's teaching is directed toward compliance management. It would not be obvious to one of ordinary skill in the art of managing compliance that it is the same as the art involved in assessing the risk of a loss, or potential loss. In fact the teachings are not the same. While Stoltz uses some similar terms for information and data, the claims describe wholly different processes and represent different arts. Accordingly, the comparison is inappropriate.

Spielman's teaching is directed towards identifying, managing and quantifying risks using control procedures in a data processing apparatus. It would not be obvious to one of ordinary skill in the art of quantifying the risk of non compliance with control procedures that it is the same as the art involved in assessing the risk of a loss, or potential loss. In fact the teachings are not the same.

4. A person of ordinary skill in the art to which the subject matter pertains in Stoltz's case would be a person skilled in the art of compliance management and in Spielman a person skilled in data processing control procedures. A person of ordinary skill in the art to which the subject matter pertains in Nagan would be a person skilled in assessing the potential for loss. Neither invention would be obvious to persons of ordinary skill in the other invention as they are operating in entirely different arts and in entirely different professional fields.
5. For these reasons, as amplified and supported by the detailed responses below, the differences between the subject matter which we seek to patent and the prior art are such that the subject matter as a whole would not have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. We therefore request our claims be approved and a patent be granted.

In light of the arguments presented above we respectfully request reconsideration and request a patent be issued.

### ***Conclusion***

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Lalita M. Hamilton whose telephone number is (571) 272-6743. The examiner can normally be reached on Tuesday-Thursday (6:30-2:30).

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If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Kalinowski Alexander can be reached on (571) 272-6771. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free), if you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

LALITA M. HAMILTON

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